

July 8, 2004

Federal Election Commission
Report Analysis Division
999 E Street, N.W.
Washington, DC 20463
Attn: Alissa V. Sagrai

Re: FEC ID NUMBER: C00079681

Amended Mid-Year Report (01/01/03-06/30/03), received 05/19/04.

Amended Year End Report (07/01/03-12/31/03), received 05/19/04.

Dear Ms. Sagrai:

In two letters, dated June 9, 2004, your office request additional information regarding reports filed by the National Propane Gas Association Political Action Committee (PropanePAC) with the Federal Election Commission (Commission). Specifically, your request was:

"Your report discloses additional disbursements totaling \$17,000 on Line(s) 23 of the Detailed Summary Page that were not disclosed on your original report. Please provide clarifying information as to why this activity was not disclosed on your original report."

"Your report discloses additional disbursements totaling \$11,000 on Line(s) 23 of the Detailed Summary Page that were not disclosed on your original report. Please provide clarifying information as to why this activity was not disclosed on your original report."

The failure of PropanePAC to disclose this information can best be understood by examining the policies and procedures implemented by the former PropanePAC Manager.

During the period of 01/01/03-06/30/03, the National Propane Gas Association had on staff a PAC Manager who was to be in charge and have full responsibility and authority over PropanePAC. During the first 5 months of this period, the Director of Legislative Affairs and the CFO of the association supervised the PAC Manager.

During the first reporting period for 2003, both the Director of Legislative Affairs and the CFO left their positions at the association. In May of 2003 a person was hired to fill the newly created position of Vice President for Legislative Affairs. The duties of this newly created position included the supervision of the PAC Manager position.

After a preliminary examination of the PAC's financial records, the new VP for Legislative Affairs determined that the PAC Manager was not following proper policies and procedures. After consultation with the PAC Manager, the VP was assured that the PAC Manager would follow the proper policies and procedures for filing future FEC reports.

ETEXT ATTACHMENT

Unfortunately the PAC Manager continued to neglect keeping accurate records of contributions and disbursements for the PAC. Therefore contrary to the PAC Manager's representation to the VP, the disbursements in question were not accurately recorded for those reporting periods.

The PAC Manager left his duties at the National Propane Gas Association in November 2003. During the interim period between November 2003 and the hiring of a new PAC Manager in March of 2004, the Legislative Assistant in NPGA's legislative department accepted the position and responsibility of interim PAC Manager. At that time it was determined that the former PAC Manager did not leave proper financial records that could be used by the interim PAC Manager thus causing the mistakes in the reports for the periods 01/01/03-06/30/03 and 07/01/03-12/31/03.

On March 1, 2004, a new PAC Manager was hired. Her first duty was to insure that the 2003 reports were filed accurately and to reconcile the bank statements to the contributions and disbursements filed in the FEC reports.

The new PAC Manager, under the supervision of the Vice President of Legislative Affairs, worked on reconciling the FEC reports and the bank deposits and contributions made to candidate committees. The process to correct the filings took longer than expected and the first half of the 2003 report was not re-filed until 05/19/2004 with the additional disbursements that are in question.

With the hiring of the new PAC Manager, new procedures have been put into place to insure the prior mistakes do not occur in future FEC filings. As soon as the new PAC Manager receives a disbursement request, a written form is filled and given to the Vice President of Legislative Affairs for approval. At that point, a copy of the disbursement form is given to the accounting department for processing. The PAC Manager then inputs the disbursement into the FEC reporting system. At the end of every month, the PAC Manager and National Propane Gas Association's accounting department reconcile all contributions and disbursements for that month to insure everything is reported accurately.

We can assure the Commission that it was never the intention of the National Propane Gas Association's PropanePAC to neither mislead the Commission nor misrepresent disbursements made by the PropanePAC. The causes of the late amended filing for these reporting periods were an incompetent employee who mislead his supervisors and a significant reorganization of the National Propane Gas Association during these reporting periods. Due to the lack of record keeping as well as several new employees involved in the process, it took until May of 2004 to sort through what records did exist and file the corrected amended report for these reporting periods.

If you have any further questions, please contact Helen Kim, NPGA's PAC Manager, at 1150 17th Street, NW, Suite 300, Washington, DC 20036, phone: 202-466-7200 ext. 239 or by e-mail at hkim@npga.org.

Sincerely,

Helen Kim
